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## **S.F. No. 4875 – Modifications of Local Affordable Housing Aid (as proposed to be amended by A-1)**

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**SF 4875** relates to Local Affordable Housing Aid, which was established in 2023 with payments beginning with aids payable in 2024.

**Section 1. Purpose.** This section expands the purpose statement to include providing supportive services.

Effective beginning with aids payable in 2024.

**Section 2. Definitions.** This section provides a definition of “locally funded housing expenditures.” This includes expenditures by a public corporation or legal entity created by the recipient that are funded by unrestricted monies and spent on one of six categories of qualifying housing-related activities.

Effective beginning with aids payable in 2024.

**Section 3. Qualifying Projects.** This section expands the list of qualifying projects to include financing the operations and management of financially distressed residential properties and the funding of supportive services.

Effective beginning with aids payable in 2024.

**Section 4. Use of Proceeds.** Under current law, aid funds must be spent by December 31 in the third year following the year after the aid was received. This section adds the conditions for meeting this requirement, where a recipient must commit funds to a qualifying project by December 31 in the third year following the year after the aid was received and expend funds by December 31 in the fourth year following the year after the aid was received.

Effective beginning with aids payable in 2024.

**Section 5. Maintenance of Effort.** This section establishes a maintenance of effort requirement for aid recipients, where a recipient must maintain its locally funded housing expenditures at a level not less than the average of its prior three years of locally funded housing expenditures.

Effective beginning with aids payable in 2024.

**Section 6. Administration.** Under current law, recipients are required to submit an annual report to the Minnesota Housing Finance Agency. This section adds a requirement that the report include three prior years of locally funded housing expenditures.

Under current law, recipients must repay aid if they do not spend funds within the required timeline or if they use funds for non-qualifying expenditures. This section adds that a recipient must repay funds if they fail to meet their maintenance of effort requirement.

This section requires that the Minnesota Housing Finance Agency must notify the Department of Revenue and a recipient if the recipient does not meet its maintenance of effort requirement, and a recipient must repay aid.

This section requires the commissioner to stop distributing aid to a recipient who requests in writing that the commissioner stop payment. The commissioner may resume distributing funds at the recipient's request if the Minnesota Housing Finance Agency certifies that the city or county has submitted documentation of plans for a qualifying project.

Effective beginning with aids payable in 2024.